

House Budget Committee Democratic Staff

CBO's January Baseline

January 23, 2002

The 10-Year Unified Budget Surplus

Trillions of Dollars

	2002-2011	2003-2012
May 2001	5.629	N.A.
August 2001	3.397	N.A.
January 2002	1.602	2.263

Source: Congressional Budget Office

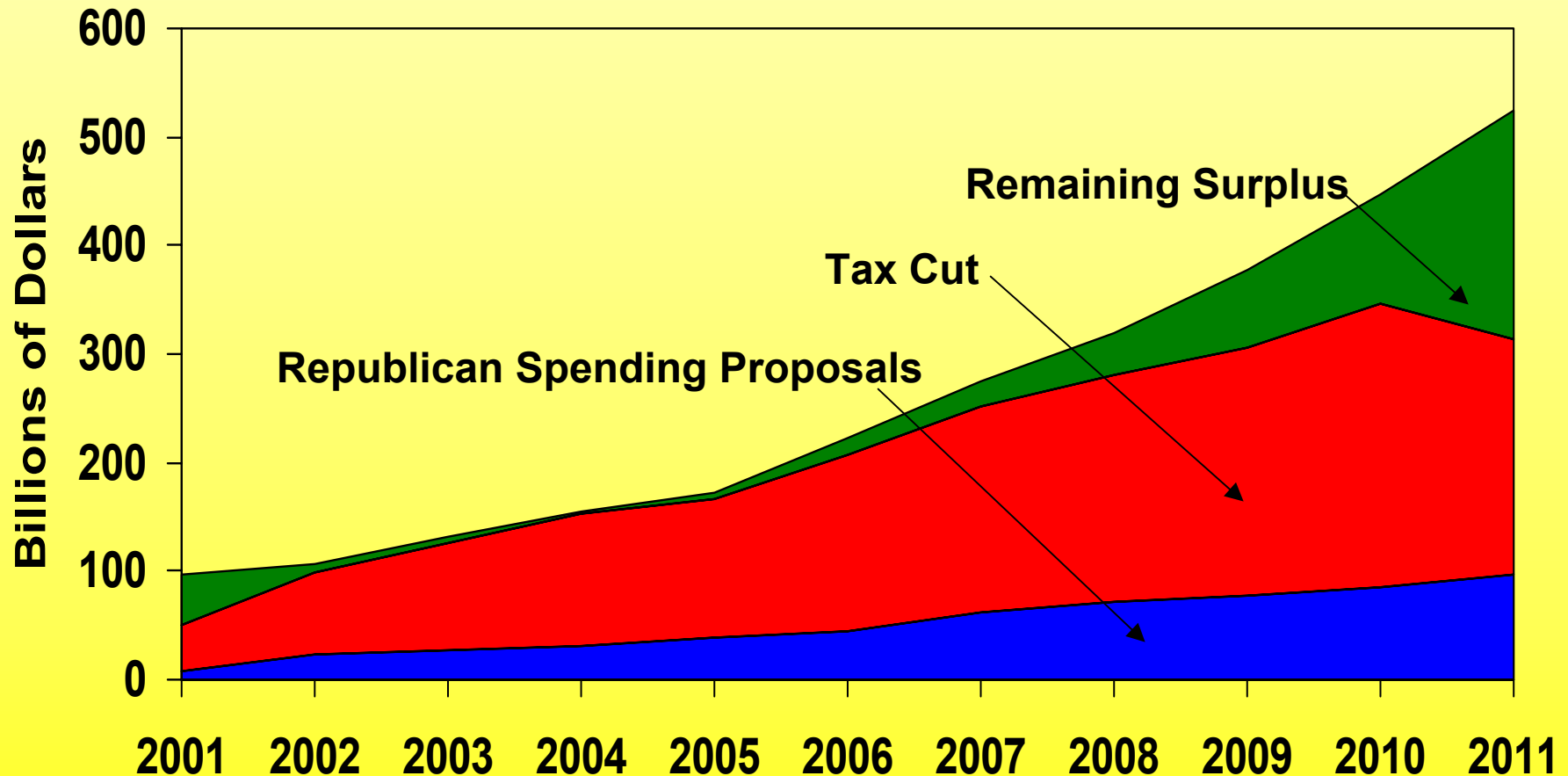
The 10-Year On-Budget Surplus

Trillions of Dollars

	2002-2011	2003-2012
May 2001	3.142	N.A.
August 2001	0.847	N.A.
January 2002	-0.742	-0.242

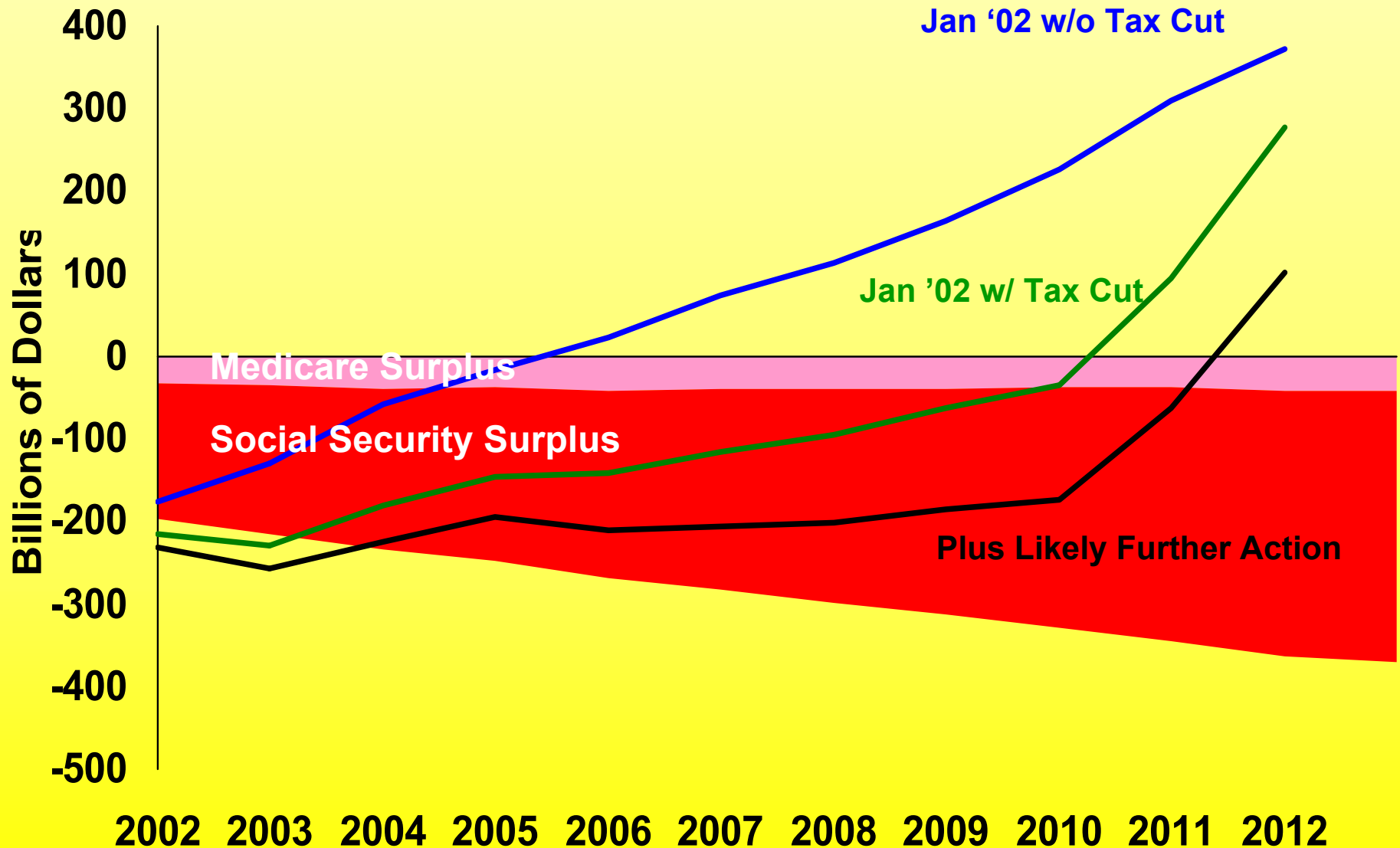
Source: Congressional Budget Office

Last Year's Republican Budget Left No Margin for Error

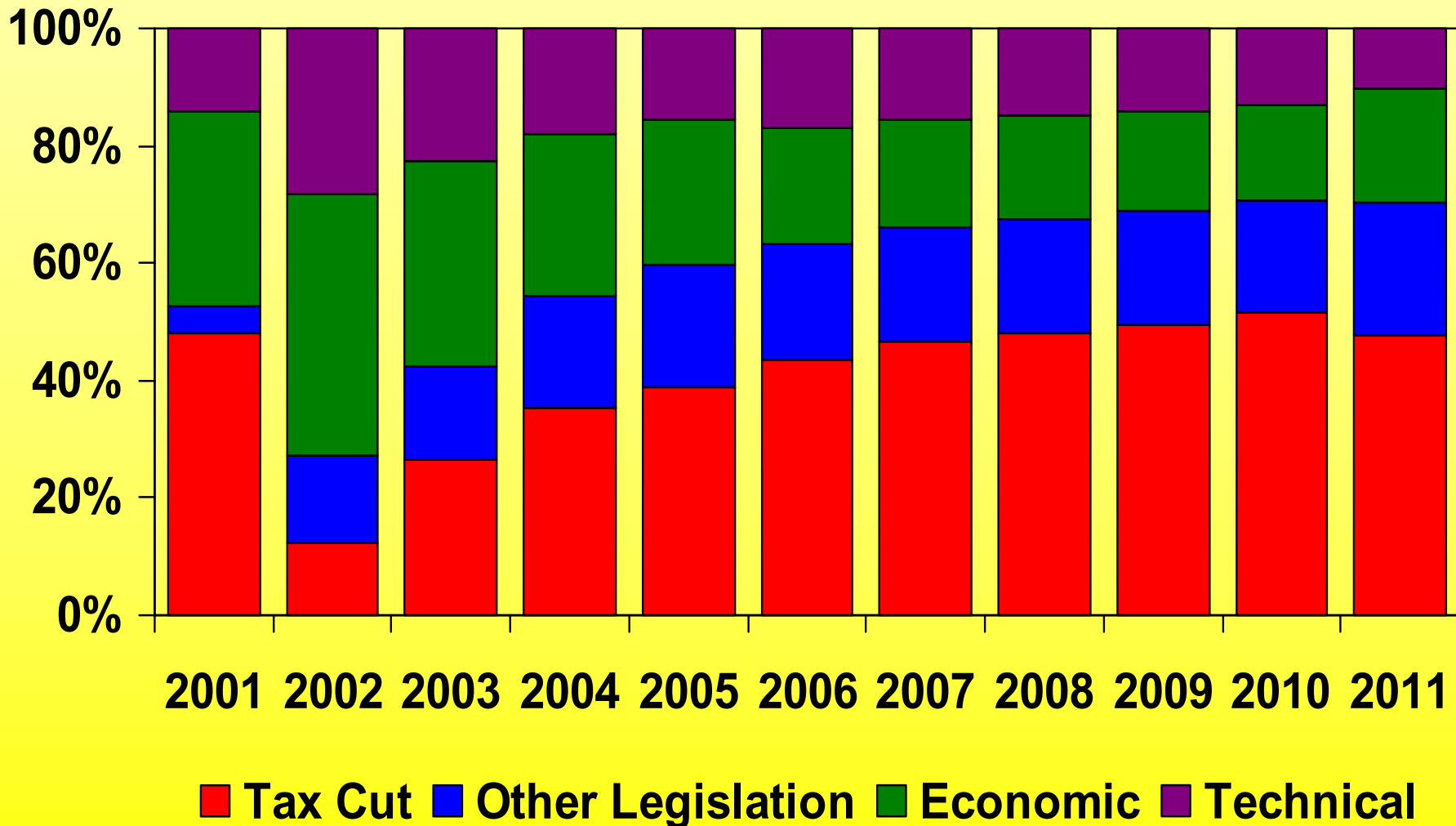


**April 2001 Projection of Non-Medicare, Non-Social Security Surplus;
Tax and Spending Proposals in Last Year's Republican Budget Resolution**

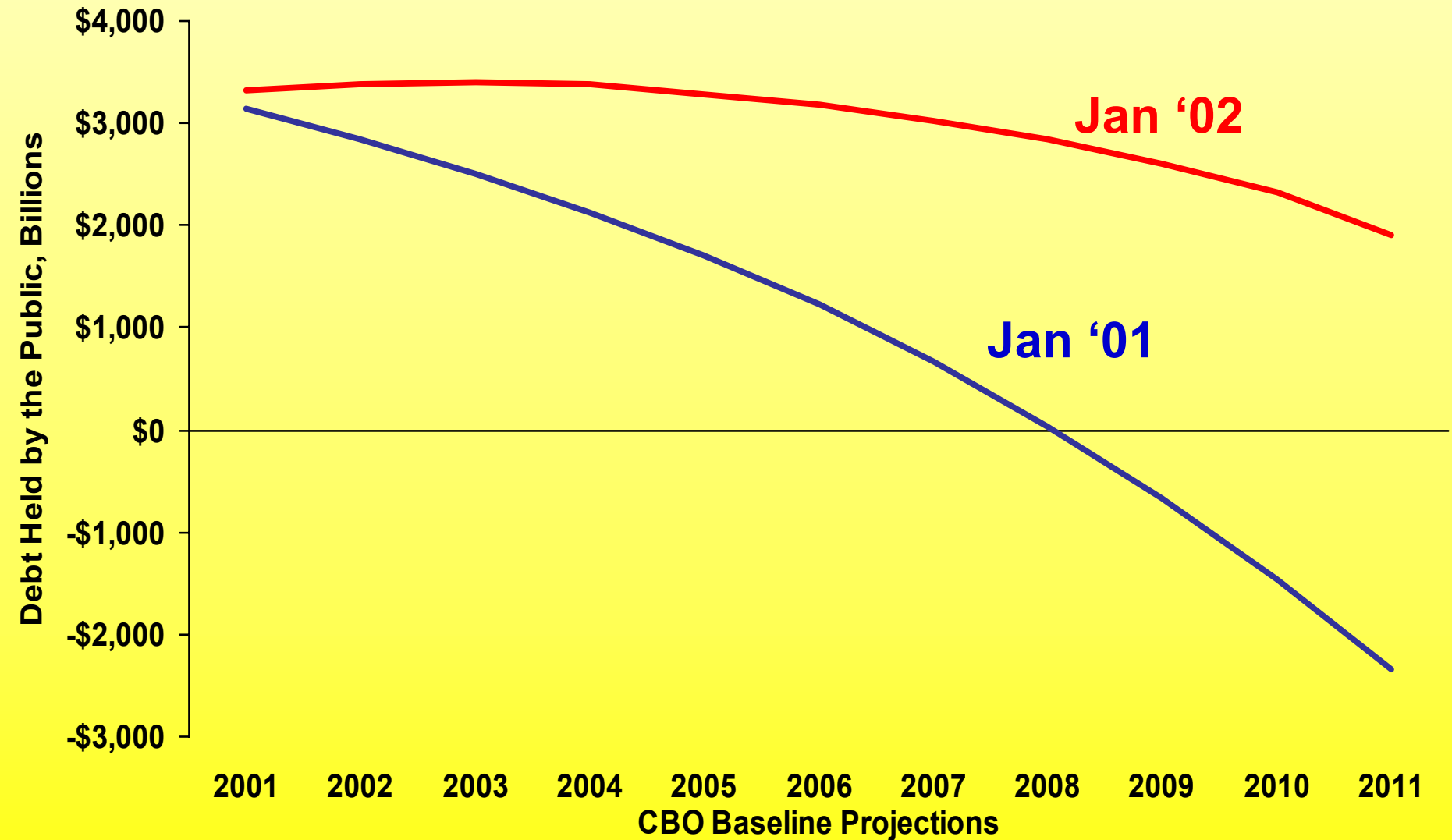
What Happened to the Surplus?



The Tax Cut Did the Most to Reduce the Surplus



Republican Policies: \$4 Trillion More Debt



THE TAX CUT RAIDS SOCIAL SECURITY

MAY 2001 BASELINE	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	'02-'11	'03-'12
Unified Surplus	304	353	400	437	508	578	641	718	806	883	n/a	5,629	n/a
On-Budget Surplus	132	166	197	215	270	322	366	425	495	553	n/a	3,142	n/a
AUGUST 2001 BASELINE													
Enacted Tax Cut, With Interest	41	98	122	128	164	189	208	228	260	215	n/a	1,653	n/a
CBO Economic and Technical	76	74	67	54	45	37	32	27	25	24	n/a	461	n/a
All Other	<u>11</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>n/a</u>	<u>117</u>	<u>n/a</u>
Resulting Unified Surplus	176	172	201	244	289	340	389	450	507	628	n/a	3,397	n/a
Resulting On-Budget Surplus	0	-18	-3	21	47	78	106	147	184	283	n/a	846	n/a
JANUARY 2002 BASELINE													
Legislation	39	50	55	59	64	67	72	76	81	87	n/a	649	n/a
Economic Reestimates	100	77	45	42	44	51	59	70	75	83	n/a	645	n/a
Technical Reestimates	<u>58</u>	<u>59</u>	<u>47</u>	<u>41</u>	<u>54</u>	<u>56</u>	<u>55</u>	<u>55</u>	<u>57</u>	<u>20</u>	<u>n/a</u>	<u>501</u>	<u>n/a</u>
Resulting Unified Surplus	-21	-14	54	103	128	166	202	250	294	439	641	1,602	2,263
Resulting On-Budget Surplus	-181	-193	-141	-108	-99	-76	-56	-23	4	131	319	-742	-242
Medicare Spent	-33	-36	-38	-38	-42	-41	-40	-39	-34	0	0	-341	-308
Social Security Spent	-163	-179	-141	-108	-99	-76	-56	-23	n/a	n/a	n/a	-845	-682
LIKELY FURTHER ACTION													
Farm Bill and Natural Disasters	4	10	13	14	14	14	14	14	13	13	13	124	133
Defense / Homeland	10	13	23	19	22	22	22	22	22	22	22	197	209
Tax Extenders & AMT	<u>1</u>	<u>2</u>	<u>4</u>	<u>11</u>	<u>25</u>	<u>39</u>	<u>50</u>	<u>61</u>	<u>73</u>	<u>83</u>	<u>93</u>	<u>350</u>	<u>443</u>
Total Impact (incl. interest)	15	27	44	50	71	89	105	121	139	157	176	818	979
Resulting Unified Surplus	-35	-41	10	53	57	78	97	129	155	282	465	784	1,284
Resulting On-Budget Surplus	-195	-220	-185	-158	-169	-165	-161	-145	-136	-26	143	-1,560	-1,221
Medicare Spent	-33	-36	-38	-38	-42	-41	-40	-39	-38	-37	0	-381	-349
Social Security Spent	-163	-179	-185	-158	-169	-165	-161	-145	-136	-26	n/a	-1,487	-1,323

How the Surplus Has Declined January 2001-January 2002

	Trillions of Dollars	Percent of Change
Unified Surplus, Jan 2001	5.6	
Changes:		
Republican Tax Act (incl. Interest)	1.7	41%
All Other Legislation (incl. interest)	0.8	19%
Economic	0.9	23%
Technical	<u>0.7</u>	<u>16%</u>
Changes, Subtotal	4.0	100%
Resulting Unified Surplus, Jan 2002	1.6	
Social Security Surplus, 2002 - 2011	2.3	
On-Budget Deficit, 2002-2011	-0.7	